

7/21/11 Phone Call between GiveWell and KickStart

GiveWell: Alexander Berger and Elie Hassenfeld

KickStart: Genevieve Porter, Development Associate/Assistant to the CEO

**GiveWell:** Your website gives the impression that you've already done a great deal of monitoring, following up with farmers based on the database of warranty forms that you've collected from them. Can you share any technical reports from those visits?

**KickStart:** We're putting together a revised and updated impact document in the next three to four weeks. We can share that once it's done.

**GW:** Will that have technical information about sample size, selection, methods, etc. in it?

**KS:** This document probably is not going to have that, though it will have our methodology in it. We're in the middle of a huge impact study with IFPRI, which will be more methodologically rigorous and include that type of information. That won't be ready for a couple of years. We're the first NGO that's ever hired them for a self-evaluation, which is pretty exciting.

**GW:** OK. We'd still be interested in seeing the revised impact document you're preparing once it's ready. Can you share any documentation from the IFPRI study, like a proposal or intermediate report?

**KS:** I don't have those here, but I can speak with our Impact and Monitoring group in Kenya about getting them.

**GW:** That would be great. On your website, you say that using the pump, "average net farm incomes increase by almost tenfold, from about \$100 to nearly \$1,000 per year, while total family incomes increase by as much as four times." Can you tell us where those numbers come from?

**KS:** Those are based on our historical impact figures, which I do have.

**GW:** We would love to see the historical impact documents with whatever technical details are available.

**KS:** Of course, I'll have to check, but I should be able to share those with you.

**GW:** How many pumps are given away vs. sold?

**KS:** About 35-40% of all of our sales are to other NGOs. Some NGOs resell pumps and some give away them away as charity, so we're not exactly sure how many are given away vs. sold. We're currently developing a better system for tracking the impact that pumps we sell to other NGOs make once they're out of our control. Up until this point we had been assuming a very low impact from those sales, calculating 20-30% impact on those, whereas we've heard through some of our NGO partners that the impacts are probably much higher. To clarify that a bit, when we calculate impact per pump, say, for a SuperMoneyMaker pump, historical studies have shown a 91% chance that a person will start a business and increase their income from this pump. For export sales, we've been assuming a 30% chance because we weren't able to go out and check, and now we have the

systems and staff in place to make sure those numbers are correct.

**GW:** Do you do any sort of customer satisfaction surveys? How comprehensive and frequent?

**KS:** Yes, we do, though they vary in frequency and comprehensiveness. For the IFPRI study, some of them are very detailed – I might be able to get you a copy of one of our surveys – where we ask satisfaction questions. We also do the same for our dealers and distributors. The surveys are very comprehensive – representatives spend about 2.5 hours with the farmer, asking a number of questions about health, food, and education – and we just reissued it for the second phase of the program. Those cover our two largest country programs. We also have more anecdotal historical surveys that were done by our sales people, but the IFPRI study is the first time that we've done truly methodologically sophisticated tracking of people.

**GW:** Are the more anecdotal historical surveys where the 10x increase in farm profits number comes from?

**KS:** Numbers on the website have come from these more historical studies, which haven't been quite as scientifically rigorous. We think the historical studies are still viable, though.

**GW:** What's the typical lifespan of a pump?

**KS:** Design lifetime is 4 years, some pumps are in the field for 10-15 years. One of the reasons they last so long is that they're well made and people can buy replacement parts for anything that wears out.

**GW:** How many are returned or defective?

**KS:** I don't know, but the sales team has those numbers. We provide a one year warranty, so we do track any returns and the reasons for them. Our operations office is in Africa, and they have that data.

**GW:** It seems like farmers are making significantly income after buying the pumps, but you only charge a small portion of your overall cost per pump. Why not charge more to try to recoup your costs?

**KS:** Because we don't want to increase the barriers to entry for poor farmers. We'd rather use smart subsidies and donor funds to subsidize the cost so that poorer farmers can have access.

**GW:** Do you have any data about the standard of living of people who buy the pumps?

**KS:** I don't personally, but I know that our Impact and Monitoring team would. The customers are definitely at the bottom of the pyramid.

**GW:** OK, we'd be interested in seeing that. Are there any for-profits that provide irrigation products in these areas?

**KS:** There are petrol pumps, but they are too expensive for our clients to access. Our treadle pumps serve as a stepping stone to the more expensive motorized pumps.

**GW:** What kinds of activities do you do to promote the pumps? What's the breakdown of funding?

**KS:** I'll have to get the breakdown from a colleague. In terms of promotion, there are a number of activities. Sometimes, teams of sales reps go to farms to demonstrate how the pumps work after a farmer expresses interest at a store in the town. We have farmer field days, where we send reps to one of our "premier farmers" who has had our pump for a while and is doing well in his community; we'll have our chief agronomist out there teaching people the benefits of irrigation. We'll usually get 100-200 farmers at one of those, and they usually ends in sales of pumps. We sometimes do a market storm – send 4-5 trucks with loudspeakers and flags into a marketplace to do a demonstration. We also do radio ads and a farmer call-in show.

**GW:** You do some R&D on new products, right?

**KS:** Our engineering team in Nairobi has a five year product pipeline. They are currently piloting a Deep Lift Pump, which can draw from a much deeper well. We're also developing a cheaper and lighter hip pump. We're currently on the second version of the MoneyMaker pump, which has been in use for five years, and we have a new model, the MoneyMaker Max, rolling out soon.

**GW:** Why did you upgrade the pumps? How big were the changes?

**KS:** We came up with better designs, which were lighter, more durable and serviceable, and more powerful.

**GW:** Would there be a difference in how effective they are?

**KS:** I believe that our impact percentages are slightly reduced for the historical ones relative to what we have now. They're able to irrigate different amounts of land. The hip pump and the MoneyMaker have different impacts as well.

**GW:** When you roll out a new iteration of a pump, how does that work? Any documentation of that process that you can share?

**KS:** We've had 50 MoneyMaker Maxes in the field for the past year testing the new products. Our engineering team is very methodical about how they choose those testers to get a good diverse group. In terms of documentation I would have to talk to the engineering team, but I know that there are studies and documents.

**GW:** Can you give us a sense of your room for more funding? How would different levels of new funding affect your activities?

**KS:** It would depend on whether it was directed for a specific project, but it would be able to help us take families out of poverty. The extra money goes into promotion and marketing, or training for our sales and impact monitoring teams. There's a number of areas it could go into. I can talk to operations to figure out what different levels of funding would mean for them.

**GW:** How much of your funding is restricted vs unrestricted?

**KS:** About 60% of donations are unrestricted, 40% restricted.

**GW:** Great, thanks for your time!